

Message Text

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ACTION EUR-12

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PASS AGRICULTURE

E.O. 11652: NA

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SUBJECT: EC MINIMUM IMPORT PRICES AND PREFERENCES FOR PROCESSED
FRUITS AND VEGETABLES

REF: A) EC BRUSSELS 6019 B) STATE 11683

C) EC BRUSSELS 3406 (1973) D) EC BRUSSELS 6730 (1973)

E) EC A-290 F) EC A-385 10/19/73 G) EC BRUSSELS 8467

1. BEGIN SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS MAY
DISCUSS THE PROPOSED MIP SYSTEM FOR PROCESSED FRUITS AND VEGETABLES
ON DECEMBER 9-10. THE COUNCIL OF FOREIGN MINISTERS RECENTLY URGED
THEIR AGRICULTURAL COLLEAGUES TO REACH A DECISION SOON SO THAT THE
CURRENT NEGOTIATIONS WITH THE MEDITERRANEAN COUNTRIES ON PREFERENCES
FOR FRUITS AND VEGETABLES WILL NOT BE DELAYED BY THE LACK OF COMMON
IMPORT RULES. WE BELIEVE THAT WASHINGTON SHOULD CONSIDER U.S.
APPROACHES IN ED CAPITALS WELL IN ADVANCE OF THE DECEMBER 9
AGMINS MEETING TO URGE THE EC NOT TO ADOPT MIP'S. WE ALSO URGE
WASHINGTON'S ATTENTION TO THE ISSUE OF THE PROPOSED TARIFF
PREFERENCES FOR PROCESSED FRUITS AND VEGETABLES FROM
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THE MEDITERRANEAN COUNTRIES. END SUMMARY.

2. ON JUNE 20, 1973 , THE EC COUNCIL OF AGRICULTURAL MINISTERS AGREED IN PRINCIPLE ON THE ESTABLISHMENT OF A COMMON IMPORT SYSTEM FOR PROCESSED FRUITS AND VEGETABLES INCLUDING MINIMUM IMPORT PRICES FOR CERTAIN "SENSITIVE PRODUCTS" (REF C). THIS AGREEMENT IN PRINCIPLE FOLLOWED YEARS OF INTERMITTENT CONSIDERATION BY THE COMMUNITY OF SUCH AN IMPORT SYSTEM. IN NOVEMBER 1973, SHORTLY BEFORE THE COMMISSION CAME FORWARD WITH ITS FORMAL PROPOSAL ON A COMMON SYSTEM, BILATERAL CONSULTATIONS BETWEEN THE US AND THE COMMISSION WERE HELD ON THE ENVISAGED MINIMUM IMPORT PRICE SYSTEM (REF C). THE COMMISSION PROPOSAL APPEARED IN JANUARY 1974 AND PROVIDED FOR MIP'S FOR SEVEN PRODUCTS: CANNED TOMATOES, TOMATO CONCENTRATES, TOMATO JUICE, CANNED PEACHES, CONCENTRATED AND UNCONCENTRATED ORANGE JUICE, AND CONCENTRATED LEMON JUICE REPRESENTATIONS BY OUR EMBASSIES WERE THEN MADE IN EC CAPITALS, REQUESTING THAT THE COMMUNITY RECONSIDER THE COUNCIL DECISION TO CREATE AN MIP SYSTEM.

3. IT NOW APPEARS THAT THE COMMISSION PROPOSAL MAY SOON COME UP FOR DISCUSSION IN THE COUNCIL AGAIN. A WORKING GROUP OF THE COUNCIL RECENTLY FINISHED ITS DELIBERATIONS ON THE PROPOSAL. THE SPECIAL AGRICULTURE COMMITTEE IS SCHEDULED TO BEGIN ITS DISCUSSIONS ON THE PROPOSAL NOVEMBER 25 IN PREPARATION FOR POSSIBLE CONSIDERATION BY THE COUNCIL OF AGRICULTURAL MINISTERS ON DECEMBER 9-10.

4. AS REPORTED IN REF A, THE WORKING GROUP (ERRONEOUSLY REFERRED TO AS THE SPECIAL AGRICULTURE COMMITTEE IN REF A) SPENT A GREAT DEAL OF ITS TIME DISCUSSING WHETHER MEMBER STATES SHOULD BE ALLOWED TO EXEMPT CERTAIN PRODUCTS FROM COMMON IMPORT RULES. THIS QUESTION WAS NEVER RESOLVED AND THUS IS LIKELY TO FIGURE HEAVILY IN DISCUSSIONS IN THE SPECIAL AGRICULTURE COMMITTEE AND IN THE COUNCIL.

5. DESPITE THE FAILURE OF THE WORKING GROUP TO MAKE MUCH PROGRESS IN ITS DISCUSSIONS AND DESPITE THE FACT THAT SOME EC OFFICIALS DO NOT EXPECT A DECISION WITHIN SEVERAL MONTHS, OTHERS BELIEVE THAT PROGRESS IN THE COMMUNITY'S NEGOTIATIONS WITH THE MAGHREB COUNTRIES, SPAIN AND ISRAEL WILL FORCE THE AGMINS TO REACH A DECISION SOON ON A COMMON IMPORT SYSTEM.

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6. UNDER THE COMMUNITY'S MANDATE TO NEGOTIATE WITH THE MEDITERRANEAN COUNTRIES, THE EC OFFER OF PREFERENCES FOR PROCESSED FRUITS AND VEGETABLES IS CONTINGENT ON IMPLEMENTATION OF COMMON IMPORT RULES. THUS, A DELAY IN A COUNCIL DECISION ON THESE RULES COULD DELAY AGREEMENT ON THE PREFERENCES. THE FOREIGN MINISTERS HAVE BECOME CONCERNED OVER THIS POSSIBILITY, AND, IN THEIR MEETING ON NOVEMBER 12, URGED THE AGMINS TO REACH A DECISION SOON ON A COMMON IMPORT SYSTEM.

7. THE CURRENT EC MANDATE FOR NEGOTIATIONS WITH THE MEDITERRANEAN COUNTRIES INCLUDES PREFERENCES ON A NUMBER OF PROCESSED FRUITS AND VEGETABLES WITH A U. S. TRADE INTEREST (SEE REFS E AND F). A 70 PERCENT TARIFF CONCESSION FOR ORANGE JUICE AND GRAPEFRUIT JUICE AND A 55 PERCENT CONCESSION FOR SPANISH FRUIT COCKTAIL APPEAR TO BE THE MOST SIGNIFICANT EC OFFERS FROM THE U.S. STANDPOINT. DURING THE CURRENT ROUND OF TALKS SEVERAL OF THE MEDITERRANEAN COUNTRIES HAVE BEEN PRESSING TO ENLARGE THE PREFERENCES EVEN MORE.

8. RECOMMENDED ACTION: IN VIEW OF THE POSSIBILITY THAT THE COUNCIL OF AGMINIS MAY DISCUSS MIP'S AT ITS MEETING OF DECEMBER 9-10, WE RECOMMEND THAT REPRESENTATIONS BE MADE IN EC CAPITAL WELL BEFORE DECEMBER 9, RECALLING THE US POSITION AND URGING THE COMMUNITY NOT TO ADOPT MIP'S DRAWING ON THE ARGUMENTS IN REFS B AND C.

9. IN ADDITION, WE THINK THAT THE U.S. SHOULD RECOMMEND TO THE MEMBER STATES THAT THE COUNCIL NOT APPROVE A COMMON IMPORT SYSTEM WHICH WOULD ALLOW CERTAIN MEMBER STATES TO EXCLUDE PRODUCTS FROM COMMON RULES AND TO CONTINUE THEIR NATIONAL SYSTEMS OF PROTECTION (E.G., ITALIAN QR'S ON CITRUS JUICES). (SEE REFEL A) SUCH EXCLUSIONS WOULD SIMPLY ADD TO THE OVERALL PROTECTIVE EFFECT OF THE COMMON IMPORT SYSTEM AND WOULD, IN FACT, CONTRADICT EC CLAIMS THAT A COMMON SYSTEM WOULD CORRESPOND TO A "LIBERALIZATION" OF PRESENT NATIONAL RULES.

10. FURTHERMORE, WE URGE WASHINGTON'S ATTENTION TO THE RELATED ISSUE OF TARIFF PREFERENCES FOR PROCESSED FRUITS AND VEGETABLES THAT THE COMMUNITY IS OFFERING UNDER THE CURRENT NEGOTIATIONS WITH THE MEDITERRANEAN COUNTRIES. SOME OF THESE PREFERENCES WOULD AFFECT TRADITIONAL U.S. EXPORT ITEMS TO THE LIMITED OFFICIAL USE

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